



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0162	Title:	Revise laws related to the Montana digital academy
Primary Sponsor:	Schwaderer, Nicholas	Status:	As Amended in Senate Committee

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| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Other Revenue	\$951,000	\$951,000	\$1,685,000	\$1,685,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Other Revenue	\$951,000	\$951,000	\$1,685,000	\$1,685,000
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 162, as amended in Senate Education and Cultural Resources Committee, authorized the board of the Montana Digital Academy to charge supplemental fees for costs of course delivery that exceed the amount appropriated by the legislature. There is no fiscal impact of the bill as amended.

FISCAL ANALYSIS

Assumptions:

1. HB 162, as amended, allows the Montana Digital Academy (MTDA) to charge school districts a supplemental fee for the prorated costs for delivery of courses that exceed the amount appropriated to the MTDA by the legislature. The fee must be established by the MTDA governing board established in 20-7-1201(3), MCA.
2. The amended bill states that fees collected may be spent only for MTDA operating costs.
3. The bill prohibits school districts from charging fees to students who enroll in a class provided by the MTDA that is required by the school district for graduation.
4. The effective date of this bill is July 1, 2015.

5. As of February 20, 2015, action taken in the Joint Appropriations Subcommittee on Education recommended appropriations in HB 2 of \$1,168,000 for each year of the 2017 biennium in base funding for the MTDA. The subcommittee also recommended one-time-only, restricted funding of \$832,500 for each year of the 2017 biennium to the OPI for MTDA with language indicating that the first \$1,900,000 may be requested from OPI by the MTDA on an as needed basis. To receive the remaining \$100,500, the MTDA must show proof of at least 6,000 enrollments by March 1 of the fiscal year for the preceding summer session and the fall and spring semesters.
6. For purposes of this fiscal not, it is assumed that enrollment of 6,000 will be exceeded and the entirety of the appropriations will be requested from OPI by the MTDA. Based upon the language in HB 2, the average funding per enrollment is \$317.
7. Current enrollment at the MTDA is approximately 9,000 students. This would indicate that funding in FY 2016 would require fees totaling \$850,500 each year of the 2017 biennium.
8. Based upon the ongoing funding of \$1,168,000 for each year of the 2019 biennium, fees would be necessary in the amount of \$1,683,000 in each year of the 2019 biennium at the \$317 per student level if enrollment remained flat
9. The MTDA does not currently have administrative expenses associated with charging fees for courses. The MTDA estimates that the personnel and operating costs associated with assessing fees, invoicing schools and collecting receivables would require 1.00 FTE at a cost of \$70,000 per year.
10. For purposes of this fiscal note, it is assumed that the revenue is deposited to a non-budgeted fund to be used by the MTDA to pay operating expenses of the MTDA.

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$70,000	\$70,000	\$71,050	\$72,116
Operating Expenses	\$881,000	\$881,000	\$1,613,950	\$1,612,884
TOTAL Expenditures	\$951,000	\$951,000	\$1,685,000	\$1,685,000
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other Revenue (02)	\$951,000	\$951,000	\$1,685,000	\$1,685,000
TOTAL Funding of Exp.	\$951,000	\$951,000	\$1,685,000	\$1,685,000
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other Revenue (02)	\$951,000	\$951,000	\$1,685,000	\$1,685,000
TOTAL Revenues	\$951,000	\$951,000	\$1,685,000	\$1,685,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other Revenue (02)	\$0	\$0	\$0	\$0

Effect on County or Other Local Revenues or Expenditures:

1. Local school districts would be responsible for paying the assessed fees for the MTDA courses in excess of the costs of the legislative appropriations each year. This could cost between \$1.0 million and \$2.0 million per year.

Technical Notes:

1. The bill as amended, directs the governing board of the MTDA to establish supplemental fees for prorated costs of course delivery that exceed the amount appropriated to the MTDA by the legislature. It is unclear how that governing board would determine those costs without knowing how many students would be enrolled for the remainder of the year in which the appropriation applies.

Sponsor's Initials

Date

Budget Director's Initials

Date